



Lifespan

Delivering health with care.

Government Relations

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David A. Balasco, Esq.
Vice President

13 April 2021

Representative Marvin L. Abney
Chairman
House Committee on Finance
State House, Room 35
Providence, RI 02906

Dear Chairman Abney:

On March 11, 2021, the Governor proposed the budget for state fiscal year 2022 (H-6122). This proposal includes many of the same cuts to hospitals that have been introduced in the last several years. During each previous budget cycle, thanks to the efforts of the General Assembly and particularly the work of the House and Senate Finance Committees and Leadership, many of the cuts had been eliminated and much of the funding restored – significantly mitigating the lost revenue to our hospitals.

The SFY'22 proposed budget again has provisions including: an increase in the Hospital Licensing fee from 5% of net patient service revenue to 6% and includes a retroactive increase (from 5% to 6%) for the SFY'21 budget; elimination of the outpatient Upper Payment Limit; and the repeal of the Graduate Medical Education (GME) payment to RI Hospital. This GME payment was established by the legislature several years ago as an offset to the disproportionate losses suffered by Lifespan as a result of state reductions in reimbursements. Also of note, is the provisions proposed to be repealed, include a federal match. This has the effect of doubling the negative impact to hospitals for every dollar the state anticipates as a savings. If these provisions are to be adopted, the total cost to Lifespan hospitals alone would be approximately \$25-30 million.

The Administration did include some positive provisions, including maintaining the Medicaid reimbursements to hospitals without a freeze or a cut to the rates. Unfortunately, this positive proposal only lessens the total negative impact of the cuts identified above.

Hospitals have always been, but our role has been highlighted over the last 13 months, as an integral partner with the state in addressing the devastating losses as a result of the world-wide pandemic. We continue to provide life-saving care to patients suffering from the ravages of this COVID-19 crisis. Cuts of this magnitude to hospital reimbursements will create additional fiscal challenges in our ability to continue to provide care to the state's most vulnerable. The timing of these cuts, as we remain in the midst of a pandemic, seem particularly ill-conceived.

The state is in a unique and fortunate position with the recent passage of the federal American Rescue Plan to assist the state and municipalities to address their budgetary issues. We respectfully request that consideration be given to hospitals, a critical sector in the state's economy and an essential partner for the care of our residents as we continue to address the challenges related to this pandemic.

Thank you for the opportunity to comment on this budget Article and for your consideration of our concerns. Please feel free to contact me if you have questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "David A. Balasco", written in a cursive style.

David A. Balasco

Vice President, Government Relations